

# MANUFACTURING EXTENSION PARTNERSHIP

## Success Stories from the Field

### ERMCO

#### Tennessee Manufacturing Extension Partnership

#### ERMCO Improves Productivity and Flexibility Using Lean Manufacturing Techniques

##### Client Profile:

ERMCO is a manufacturer of electrical line and pad transformers for the electrical distribution industry. The company is privately held by an electrical cooperative and has approximately 400 employees. Its manufacturing facility is located in rural Dyersburg, Tennessee. The company's annual sales range between \$50 million and \$100 million per year.

##### Situation:

ERMCO recognized that it needed to position itself, from a productivity standpoint, to be more competitive in its industry. As a forward-looking company, ERMCO was open to new concepts that would help to boost its market position. The company's Chief Executive Officer called the Tennessee Manufacturing Extension Partnership (TMEP), a NIST MEP network affiliate, for ideas and assistance.

##### Solution:

TMEP met with ERMCO's management team to discuss the company's situation, current status, and vision for the future. TMEP formed a team of staff and third-party consultants assigned to help ERMCO achieve its goals. This team helped the company address a comprehensive range of issues in the business management and lean manufacturing areas.

First the team conducted a baseline analysis of product costing (including labor and other cost review) to establish a measure against which to set performance goals. Next, TMEP provided extensive training and implementation assistance in various aspects of lean manufacturing, including its Lean Overview, Value Stream Mapping, Cellular Set-Up, 5-S, and Quick Change workshops.

ERMCO embraced and adopted all aspects of the assistance provided by TMEP and achieved extraordinary results: a dramatic sales increase, significant cost savings directly impacting the bottom line, and the retention of an entire department. Now equipped with new tools guaranteed to give results, ERMCO expects that these impacts will continue to grow in the future.

##### Results:

- \* Achieved first-year sales increase of \$6 million.
- \* Anticipating second-year increase of \$12 million (roughly an 8 percent increase).
- \* Saved \$330,000 in annual labor costs in one department alone.
- \* Retained 10 jobs in one department.
- \* Reduced work-in-process inventory by \$80,000 in one department.

##### Testimonial:

"We have achieved outstanding results with the help of the Tennessee Manufacturing Extension Partnership."

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Lyman Guidry, Chief Executive Officer